

State/Territory: MONTANA

Citation

Condition or Requirement

**COST EFFECTIVENESS METHODOLOGY FOR
COBRA CONTINUATION BENEFICIARIES**

1902(u) of the
Act

Premium payments are made by the agency only if such payments are likely to cost-effective. The agency specifies the guidelines used in determining cost effectiveness by selecting one of the following methods:

 The methodology as described in SMM section 3598.

 X Another cost-effectiveness methodology as described below.

Plan 1

- A. Data regarding premium cost, deductible, coinsurance coverage, and coinsurance are collected initially.
- B. The annual premium cost, coinsurance, and deductible are totalled along with administrative costs of \$100 per Medicaid eligible person on the case or eligible for insurance.
- C. Medicaid costs (for services covered on the insurance plan) for similar age and sex persons on the case are totaled. This total is multiplied by the coinsurance rate of the insurance company.
- D. If the total in C is less than the total in B, health insurance payment is considered cost effective.

Plan 2

- A. All steps are completed in Plan 1. If policy is not cost effective, review of medical diagnoses is considered.
- B. A medical information questionnaire is sent to the client. Once the questionnaire is returned, it is evaluated for high cost illnesses.
- C. If a high cost diagnosis is found and it is not excluded as a pre-existing condition, DRG costs for the illness are reviewed. If the DRG costs are higher than the insurance costs, the plan is considered to be cost effective.

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